



# House of Representatives

**File No. 889**

General Assembly

January Session, 2015

**(Reprint of File No. 675)**

Substitute House Bill No. 6571  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
May 26, 2015

## **AN ACT CONCERNING THE MUNICIPAL TAX COLLECTION STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-144b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2015*):

3 Except as otherwise provided by the general statutes, all payments  
4 made to or recovered by the municipality [on any specific property]  
5 shall be applied (1) first, for any outstanding unsecured taxes, to  
6 expenses concerning such unsecured taxes, including attorney's fees,  
7 collection expenses, [recording fees,] collector's fees and other  
8 expenses and charges related to all delinquencies owed by the party  
9 liable therefor before the interest accrued, then to the principal of such  
10 outstanding unsecured taxes, paying the oldest such tax first, and (2)  
11 for any outstanding secured taxes, first to expenses concerning such  
12 secured taxes, including attorney's fees, collection expenses, [recording  
13 fees,] collector's fees and other expenses and charges related to all  
14 delinquencies owed by the party liable therefor before the interest

15 accrued, then to the principal of such outstanding secured taxes,  
16 paying the oldest such tax first. If there is litigation pending between  
17 the municipality and the party liable for the oldest outstanding tax on  
18 such property concerning such oldest outstanding tax, such tax  
19 payment shall only be applied to the oldest outstanding tax on such  
20 property which is not involved in such litigation, provided this section  
21 shall not apply to tax payments tendered by third parties pursuant to  
22 contract or by operation of law. The municipality shall follow written  
23 instructions from a party liable for taxes on more than one property as  
24 to which property or properties a specific payment shall be applied.  
25 The municipality shall not be bound by any notation on or  
26 accompanying a payment that purports to be payment in full,  
27 proposes to waive any rights or powers of the municipality, directs  
28 application of the payment in any manner that contradicts any  
29 applicable statute or ordinance or is otherwise contrary to law.

30 Sec. 2. Section 12-146 of the general statutes is repealed and the  
31 following is substituted in lieu thereof (*Effective October 1, 2015*):

32 Unless the context otherwise requires, wherever used in this section,  
33 "tax" includes each property tax and each installment and part thereof  
34 due to a municipality as it may have been increased by interest, fees  
35 and charges. If any tax due in a single installment or if any installment  
36 of any tax due in two or more installments is not paid in full (1) on or  
37 before the first day of the month next succeeding the month in which it  
38 became due and payable, or if not due and payable on the first day of  
39 the month, (2) on or before the same date of the next succeeding month  
40 corresponding to that of the month on which it became due and  
41 payable, the whole or such part of such installment as is unpaid shall  
42 thereupon be delinquent and shall be subject to interest from the due  
43 date of such delinquent installment. Except for unpaid real estate taxes  
44 the collection of which was, or is, deferred under the provisions of  
45 section 12-174, and any predecessor and successor thereto, which  
46 unpaid real estate taxes continue to be subject to the provisions of such  
47 deferred collection statutes, the delinquent portion of the principal of  
48 any tax shall be subject to interest at the rate of eighteen per cent per

49 annum from the time when it became due and payable until the same  
50 is paid, subject to a minimum interest charge of two dollars per  
51 installment which any municipality, by vote of its legislative body,  
52 may elect not to impose, and provided, in any computation of such  
53 interest, under any provision of this section, each fractional part of a  
54 month in which any portion of the principal of such tax remains  
55 unpaid shall be considered to be equivalent to a whole month. Each  
56 addition of interest shall become, and shall be collectible as, a part of  
57 such tax. Interest shall accrue at said rate until payment of such taxes  
58 due notwithstanding the entry of any judgment in favor of the  
59 municipality against the taxpayer or the property of the taxpayer. The  
60 collector shall apply each partial payment to the wiping out of such  
61 interest before making any application thereof to the reduction of such  
62 principal. If any tax, at the time of assessment or because of a  
63 subsequent division, represents two or more items of property, the  
64 collector may receive payment in full of such part of the principal and  
65 interest of such tax as represents one or more of such items, even  
66 though interest in full on the entire amount of the principal of such tax  
67 has not been received up to the date of such payment; in which event,  
68 interest on the remaining portion of the principal of any such tax shall  
69 be computed, as the case may be, from the due date of such tax if no  
70 other payment after delinquency has been made or from the last date  
71 of payment of interest in full on the whole amount or unpaid balance  
72 of the principal of such delinquent tax if previous payment of interest  
73 has been made. Each collector shall keep a separate account of such  
74 interest and the time when the same has been received and shall pay  
75 over the same to the treasurer of the municipality of the collector as a  
76 part of such tax. No tax or installment thereof shall be construed to be  
77 delinquent under the provisions of this section if (A) such tax or  
78 installment was paid through a municipal electronic payment service  
79 within the time allowed by statute for payment of such tax or  
80 installment, or (B) the envelope containing the amount due as such tax  
81 or installment, as received by the tax collector of the municipality to  
82 which such tax is payable, bears a postmark showing a date within the  
83 time allowed by statute for the payment of such tax or installment.

84 Any municipality may, by vote of its legislative body, require that any  
85 delinquent property taxes shall be paid only in cash or by certified  
86 check or money order. Any municipality adopting such requirement  
87 may provide that such requirement shall only be applicable to  
88 delinquency exceeding a certain period in duration as determined by  
89 such municipality. Any municipality shall waive all or a portion of the  
90 interest due and payable under this section on a delinquent tax with  
91 respect to a taxpayer who has received compensation under chapter  
92 968 as a crime victim.

93 Sec. 3. Section 12-146a of the general statutes is repealed and the  
94 following is substituted in lieu thereof (*Effective October 1, 2015*):

95 Any municipality, as defined in subsection (a) of section 12-41, or  
96 any district health department, formed under chapter 368f, may  
97 withhold or revoke any license or permit, issued by such municipality  
98 or district health department, to operate a business enterprise if any  
99 taxes or water, sewer or sanitation charges levied by a water pollution  
100 control authority or such municipality or, in the case of a district  
101 department of health, by any constituent municipality of such district,  
102 against any property owned by or used in such business enterprise are  
103 delinquent and have been so delinquent for a period of not less than  
104 one year.

105 Sec. 4. Subsection (b) of section 12-155 of the general statutes is  
106 repealed and the following is substituted in lieu thereof (*Effective*  
107 *October 1, 2015*):

108 (b) After demand has been made in the manner provided in  
109 subsection (a) of this section, the collector for the municipality, alone or  
110 jointly with the collector of any other municipality owed taxes by such  
111 person, may (1) levy for any unpaid tax or any unpaid water or  
112 sanitation charges on any goods and chattels of such person and post  
113 and sell such goods and chattels in the manner provided in case of  
114 executions, or (2) enforce by levy and sale any lien or warrant upon  
115 real estate for any unpaid tax or levy upon and sell such interest of

116 such person in any real estate as exists at the date of the levy for such  
117 tax.

118 Sec. 5. Section 12-157 of the general statutes is repealed and the  
119 following is substituted in lieu thereof (*Effective October 1, 2015*):

120 (a) When a collector levies one or more tax warrants on real estate,  
121 he or she shall prepare notices thereof, containing the name of the  
122 taxpayer, a legal description of the real property or citation to an  
123 instrument in the land records, an assessor's map or another publicly  
124 available document identifying the real property's boundaries, the  
125 street address, if such real property has one, the amount of the tax or  
126 taxes due, including any interest and charges attributable to the  
127 property as of the last day of the month immediately preceding the  
128 notice, a statement that additional taxes, interest, fees and other  
129 charges authorized by law accruing after the last day of the month  
130 immediately preceding the notice [have been added] are owed in  
131 addition to the amount indicated as due and owing in the notice, and  
132 the date, time and place of sale. The collector shall post one notice on a  
133 bulletin board in or near the collector's office in the town where such  
134 real estate is situated, if any, or at some other exterior place near the  
135 office of the town clerk, which is nearest thereto; one shall be filed in  
136 the town clerk's office of such town and such town clerk shall record  
137 and index the same as a part of the land records of such town, which  
138 recording shall serve as constructive notice equivalent to a lis pendens  
139 for all purposes, and one shall be sent by certified mail, return receipt  
140 requested, to the taxpayer and each mortgage, lienholder and other  
141 encumbrancer of record whose interest is choate and will be affected  
142 by the sale. Such posting, filing and mailing shall be done not more  
143 than twelve and not less than nine weeks before the time of sale and  
144 shall constitute a legal levy of such warrant or warrants upon the real  
145 estate referred to in the notice. Such collector shall also publish a  
146 similar notice for three weeks, at least once each week, in a newspaper  
147 published in such town, or in a newspaper published in the state  
148 having a general circulation in such town. The first notice shall be  
149 published beginning not more than twelve and not less than nine

150 weeks before the time of sale and the last shall be published not more  
151 than four weeks nor less than two weeks before such sale. He shall also  
152 send by certified mail, return receipt requested, to the delinquent  
153 taxpayer and to each mortgagee, lienholder and other encumbrancer of  
154 record whose interest in such property is choate and will be affected by  
155 such sale, a similar notice which shall not be required to list  
156 information pertaining to properties in which the person to whom the  
157 notice is directed has no interest. The notice shall be sent at least twice,  
158 the first not more than eight nor less than five weeks before such sale  
159 and the last not more than four weeks nor less than two weeks before  
160 such sale. The notice shall be addressed to his or her place of residence,  
161 if known to the collector, or to his or her estate or the fiduciary thereof  
162 if the collector knows him or her to be deceased, or to the address, or  
163 the agent of such person, to which such person has requested that tax  
164 bills be sent. If there is no address of such person, or if no such agent is  
165 given in the records of such town, the notice shall be sent to the place  
166 where such person regularly conducts business or other address as the  
167 collector believes will give notice of the levy and sale. If a person is a  
168 corporation, limited partnership or other legal entity, the notice may be  
169 sent to any person upon whom process may be served to initiate a civil  
170 action against such corporation, limited partnership or entity or to any  
171 other address that the collector believes will give notice of the levy and  
172 sale. If no place of residence or business is known and cannot be  
173 determined by the tax collector for any owner, taxpayer, mortgagee,  
174 lienholder or other encumbrancer whose interest in the property is  
175 choate and will be affected by the sale, in lieu of notice by certified  
176 mail as provided in this subsection, the notice, together with the list of  
177 mortgagees, lienholders, and other encumbrancers of record whose  
178 interests in the property are choate and will be affected by such sale,  
179 shall be published in a newspaper published in this state, having a  
180 general circulation in the town in which such property is located at  
181 least twice, the first not more than eight weeks nor less than five weeks  
182 before such sale and the last not more than four weeks nor less than  
183 two weeks before such sale.

184       (b) The collector may, for any reason, adjourn such sale from time to  
185       time by causing public notice of such adjournment and the time and  
186       place of such adjourned sale to be given either by oral announcement  
187       or posting of a written notice at the time and place designated for the  
188       sale in the notices of such sale. If the adjourned date is set for a date  
189       more than three days from the date of the original or rescheduled sale  
190       date, the tax collector shall provide a postage prepaid written notice of  
191       the new time and place of the sale to the delinquent taxpayer and each  
192       mortgagee, lienholder and other encumbrancer of record whose  
193       interest is choate and will be affected by the sale.

194       (c) At the time and place stated in such notices, or, if such sale is  
195       adjourned, at the time and place specified at the time of adjournment  
196       as aforesaid, such collector (1) may sell at public auction to the highest  
197       bidder all of said real property, to pay the taxes with the interest, fees  
198       and other charges allowed by law, including, but not limited to, those  
199       charges set forth in section 12-140, or (2) may sell all of said real  
200       property to his municipality if there has been no bidder or the amount  
201       bid is insufficient to pay the amount due.

202       (d) The collector shall post, at the time and place of the sale, a  
203       written notice stating the amount of all taxes, interest, fees and other  
204       charges authorized by law with respect to each property to be sold.  
205       The tax collector may publish or announce any rules for the orderly  
206       conduct of the auction and the making of payment by successful  
207       bidders which are not inconsistent with the requirements of law. The  
208       tax collector or the municipality may retain the services of auctioneers,  
209       clerks and other persons to assist the tax collector in the conduct of the  
210       sale and the cost of such persons paid for their services shall be added  
211       to the taxes due from the delinquent taxpayer. If more than one  
212       property is sold, the tax collector shall apportion all shared costs  
213       equally among all the properties.

214       (e) Within two weeks after such sale, the collector shall execute a  
215       deed thereof to the purchaser or to the municipality conducting the  
216       sale and shall lodge the same in the office of the town clerk of such

217 town, where it shall remain unrecorded six months from the date of  
218 such sale.

219 (f) Within sixty days after such sale, the collector shall cause to be  
220 published in a newspaper having a daily general circulation in the  
221 town in which the real property is located, and shall send by certified  
222 mail, return receipt requested, to the delinquent taxpayer and each  
223 mortgagee, lienholder and other encumbrancer of record whose  
224 interest in such property is choate and is affected by such sale, a notice  
225 stating the date of the sale, the name and address of the purchaser, the  
226 amount the purchaser paid for the property and the date the  
227 redemption period will expire. The notice shall include a statement  
228 that if redemption does not take place by the date stated and in the  
229 manner provided by law, the delinquent taxpayer, and all mortgagees,  
230 lienholders and other encumbrancers who have received actual or  
231 constructive notice of such sale as provided by law, that their  
232 respective titles, mortgages, liens, restraints on alienation and other  
233 encumbrances in such property shall be extinguished. [Not] After such  
234 notice is published, and not later than six months after the date of the  
235 sale or within sixty days if the property was abandoned or meets other  
236 conditions established by ordinance adopted by the legislative body of  
237 the [town] municipality, if the delinquent taxpayer, mortgagee,  
238 lienholder or other encumbrancer whose interest in the property will  
239 be affected by such sale, pays to the collector, the amount of taxes,  
240 interest and charges which were due and owing at the time of the sale  
241 together with interest on the total purchase price paid by the purchaser  
242 at the rate of eighteen per cent per annum from the date of such sale  
243 plus any taxes and debts owed to the municipality that were not  
244 recovered by the sale and any additional charges under section 12-140,  
245 such deed, executed pursuant to subsection (e) of this section, shall be  
246 delivered to the collector by the town clerk for cancellation and the  
247 collector shall provide a certificate of satisfaction to the person paying  
248 the money who, if not the person whose primary duty it was to pay  
249 the tax or taxes, shall have a claim against the person whose primary  
250 duty it was to pay such tax or taxes for the amount so paid, and may



251 add the same with the equivalent precedence, rate of interest and  
252 priority as the tax paid over other nongovernmental encumbrances but  
253 without precedence or priority over any state or municipal tax lien or  
254 any tax that was not yet due and payable when notice of the levy was  
255 first published to any claim for which he has security upon the  
256 property sold, provided the certificate of satisfaction is recorded on the  
257 land records but the interests of other persons in the property shall not  
258 be affected. Within ten days of receipt of such amounts in redemption  
259 of the levied property, the collector shall notify the purchaser by  
260 certified mail, return receipt requested, that the property has been  
261 redeemed and shall tender such payment, together with the amount  
262 held pursuant to subparagraph (A) of subdivision (1) of subsection (i)  
263 of this section, if any, to the purchaser. If the purchase money and  
264 interest are not paid within such redemption period, the deed shall be  
265 recorded and have full effect.

266 (g) During the redemption period, the purchaser or the municipality  
267 shall have a sufficient insurable interest in buildings and  
268 improvements upon such property to insure them against fire and  
269 other risk of physical loss, and may petition the Superior Court for the  
270 appointment of a receiver or for other equitable relief if there shall be  
271 imminent danger of damage or destruction thereto or imminent  
272 danger of injury to persons or to other property resulting from  
273 conditions thereon or on adjoining properties. The purchaser or the  
274 municipality shall not be liable to any person, or subjected to forfeiture  
275 of their interest, solely by reason of acquisition by the person of the tax  
276 deed, for any condition existing or occurrence upon such property or  
277 adjoining public sidewalks and streets, or for any failure to act to  
278 remedy or investigate any such condition or occurrence during such  
279 redemption period. The expenses of any receiver appointed on the  
280 application of such purchaser or municipality in excess of any rents or  
281 profits paid to the receiver, all taxes and debts owed to the  
282 municipality that were not recovered by the sale, and any additional  
283 charges under section 12-140 shall be added to the amount of the  
284 purchase money and interest required to be paid by any person to the

285 purchaser or municipality for the collector's deed and paid to the party  
286 that incurred such expenses.

287 (h) Any municipality holding a lien for unpaid taxes on real estate,  
288 other than the municipality conducting the sale, may purchase all of  
289 such property at a tax sale.

290 (i) (1) If the sale realizes an amount in excess of the amount needed  
291 to pay all delinquent taxes, interest, penalties, fees, and costs, the  
292 amount of the excess shall be held in an interest-bearing escrow  
293 account separate from all other accounts of the municipality. Any  
294 interest earned from such escrow account shall be the property of the  
295 municipality. (A) If the property is redeemed prior to the expiration of  
296 the redemption period, the amount held in escrow shall, within ten  
297 days of the tax collector receiving notice of redemption, be turned over  
298 to the purchaser. [Any interest earned shall be the property of the  
299 municipality.] (B) If the property is not redeemed in the redemption  
300 period, the amount held in escrow may be used to pay the delinquent  
301 taxes, interest, penalties, fees and costs on the same or any other  
302 property of the taxpayer, including personal property and motor  
303 vehicles. In the case of subparagraph (B) of this subdivision, the tax  
304 collector shall, within ten days of the expiration of the redemption  
305 period, pay to the clerk of the court for the judicial district in which the  
306 property is located the amount held in escrow remaining after paying  
307 the delinquent taxes, interest, fees, penalties and costs owed by the  
308 taxpayer to the municipality. The tax collector shall, within five days of  
309 the payment, provide notice to the delinquent taxpayer, any  
310 mortgagee, lienholder, or other encumbrancer of record whose interest  
311 in such property is choate and is affected by the sale, by certified mail,  
312 return receipt requested of the name and address of the court to which  
313 the moneys were paid, the person's right to file an application with the  
314 court for return of said money, and the amount of money paid to the  
315 court.

316 (2) If the tax collector pays to the court any moneys pursuant to  
317 subparagraph (B) of subdivision (1) of this subsection, the delinquent

318 taxpayer, any mortgagee, lienholder or other encumbrancer whose  
319 interest in such property is choate and is affected by the sale may,  
320 within ninety days of the date the tax collector paid the moneys to the  
321 court, file an application with the court for return of the proceeds. Any  
322 person may make an application for payment of moneys deposited in  
323 court as provided for in this subsection to the superior court for the  
324 judicial district in which the property that is the subject of the  
325 proceedings referred to is located, or if said court is not in session to  
326 any judge thereof, for a determination of the equity of the parties  
327 having an interest in such moneys. Notice of such application shall be  
328 served in the same manner as to commence a civil action on all persons  
329 having an interest of record in such property on the date the collector's  
330 deed is recorded, provided neither the purchaser nor the municipality  
331 shall [not] be a party to such action without [its] such purchaser's or  
332 municipality's consent. The court or judge upon such motion or upon  
333 its own motion may appoint a state referee to hear the facts and to  
334 make a determination of the equity of the parties in such moneys. Such  
335 referee, after providing at least ten days' notice to the parties interested  
336 of the time and place of hearing, shall hear the applicant and any  
337 parties interested, take such testimonies as such referee deems material  
338 and determine the equities of the parties having a record interest in  
339 such moneys and immediately report to the court or judge. The report  
340 shall contain a detailed statement of findings by the referee, sufficient  
341 to enable the court to determine the considerations upon which the  
342 referee based his conclusions. The report may be rejected for any  
343 irregular or improper conduct in the performance of the duties of such  
344 referee. If the report is rejected, the court or judge shall appoint  
345 another referee to make such determination and report. If the report is  
346 accepted, such determination of the equities shall be conclusive upon  
347 all parties given notice of such hearing, subject to appeal to the  
348 Appellate Court. If no appeal to the Appellate Court is filed within the  
349 time allowed by law, or if one is filed and the proceedings have  
350 terminated in a final judgment determining the amount due to each  
351 party, the clerk shall send a certified copy of the statement of  
352 compensation and of the judgment to the prevailing party or parties,

353 as the case may be, which shall, upon receipt thereof, pay such parties  
354 the amount due them as compensation.

355 (3) If no application is filed with the court, any moneys held by the  
356 court shall escheat to the state pursuant to the provisions of part III of  
357 chapter 32.

358 Sec. 6. Subsection (a) of section 12-158 of the general statutes is  
359 repealed and the following is substituted in lieu thereof (*Effective*  
360 *October 1, 2015*):

361 (a) The deed given by any collector for real estate sold by him for  
362 taxes shall be in substance in the form following:

363 Know all men by these presents, that, whereas the (here insert the  
364 name of the taxing authority) did on the .... day of ...., 20.., lay a tax on  
365 its grand list next to be (or last) perfected, a rate bill for which and for a  
366 personal tax (if such be the fact), in all respects made out according to  
367 law with a warrant thereto attached, was placed in my hands, I being  
368 the duly appointed and qualified collector thereof, for collection,  
369 which tax became due on the .... day of ...., 20..; and, whereas A.B.,  
370 upon demand made, neglected and refused to pay the tax set opposite  
371 his name in said rate bill, and thereupon, on the .... day of ...., 20.., I  
372 levied upon the parcel of real estate hereinafter described for that  
373 portion of said tax which was assessed thereon, to wit: \$.... and accrued  
374 interest (or if the levy was for the whole tax, for the amount of said tax,  
375 to wit: \$.... and accrued interest) and gave due notice thereof to said  
376 taxpayer and to .... as by law provided, which real estate so levied  
377 upon is situated in .... and bounded ...., and on the .... day of ...., 20.., no  
378 one having previously tendered me said tax with interest and my fees,  
379 in pursuance of said levy, and in accordance with the terms of said  
380 notice, I sold at public auction the whole of (or the following portion  
381 of) said real estate of .... (to wit) to C.D., for the sum of \$..... Now,  
382 therefore, in consideration of the premises, and of said sum of money,  
383 received to my full satisfaction, of said C.D., I hereby bargain and sell  
384 unto him the premises last above described, with the appurtenances, to

385 have and to hold the same to him and his heirs forever, subject only to  
 386 taxes laid by such municipality which were not yet due and payable  
 387 when I first published notice of levy and sale and any other liens in  
 388 favor of such municipality or the state, easements, covenants and  
 389 restrictions in favor of other parcels of land, interests exempt from levy  
 390 and sale under the Constitution and laws of the United States and such  
 391 other interests, if any, hereinafter described, to wit .... And also, I, the  
 392 said collector, acting in the name of and for (name of municipality), do  
 393 by these presents bind (name of municipality), forever, to warrant and  
 394 defend the above granted and bargained premises to the said grantee,  
 395 his heirs and assigns, against all claims and demands arising from any  
 396 necessary act omitted or unlawful act done by me in connection with  
 397 the aforesaid levy or sale which impairs the same. In witness whereof I  
 398 have hereunto set my hand and seal this .... day of ..., 20...

399 E. F., (Seal).  
 400 Collector as aforesaid.

401 Signed, sealed, and delivered  
 402 in the presence of

403  
 404 (Usual form of acknowledgment).

405 Sec. 7. Section 12-159b of the general statutes is repealed and the  
 406 following is substituted in lieu thereof (*Effective October 1, 2015*):

407 No action alleging the invalidity of a collector's deed, substantially,  
 408 in the form provided in section 12-158, as amended by this act, on any  
 409 grounds other than fraud, shall be brought by any person except  
 410 within one year from the date the collector's deed was recorded. [or  
 411 from the date of the sale, whichever is longer.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	12-144b
Sec. 2	<i>October 1, 2015</i>	12-146
Sec. 3	<i>October 1, 2015</i>	12-146a

Sec. 4	<i>October 1, 2015</i>	12-155(b)
Sec. 5	<i>October 1, 2015</i>	12-157
Sec. 6	<i>October 1, 2015</i>	12-158(a)
Sec. 7	<i>October 1, 2015</i>	12-159b

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Municipalities	Effect	FY 16 \$	FY 17 \$
All Municipalities	Revenue Gain	Potential	Potential

**Explanation**

The bill allows municipalities and regional health districts to withhold or revoke a business license or permit if such business has delinquent water, sewer, or sanitation bills.

To the extent that this provision results in a higher rate of payment of delinquent water, sewer, or sanitation bills, there is a revenue gain to municipalities and regional health districts that operate water, sewer, and sanitation systems.

The bill makes several other changes to municipal tax statutes that are not expected to have a fiscal impact.

House "A" eliminates a section of the underlying bill allowing a person who purchases property at a tax sale to petition the court for summary confirmation of the sale's validity. This has no fiscal impact.

**The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

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**OLR Bill Analysis****sHB 6571 (as amended by House "A")\******AN ACT CONCERNING THE MUNICIPAL TAX COLLECTION STATUTES.*****SUMMARY:**

This bill makes several changes in the municipal tax collection statutes. Among other things, it:

1. allows municipalities and district health departments to withhold or revoke a business license or permit if a business owes water, sewer, or sanitation charges that are at least one year delinquent, as they may already do for delinquent taxes (§ 3);
2. requires municipalities to follow a taxpayer's written instructions specifying the property or properties to which a specific tax payment should be applied (§ 1);
3. eliminates the requirement that tax collectors apply property tax payments to recording fees related to a taxpayer's delinquency (§ 1);
4. requires municipalities to retain any interest that accrues on excess tax sale proceeds;
5. specifies that state and municipal tax liens against a delinquent taxpayer have precedence or priority over any claim against the taxpayer by a party who redeems (i.e., buys back) a property following a tax sale;
6. specifies that tax payments made through a municipal electronic payment service are timely, and thus not subject to



interest charges, if they are made within the payment's statutory deadline, as is currently the case with postmarked envelopes (§ 2); and

7. makes minor and technical changes (§§ 4 & 7).

\*House Amendment "A" eliminates a provision establishing a process by which individuals purchasing a property at a tax sale may petition the court to confirm the sale's validity and establish their ownership of the property.

EFFECTIVE DATE: October 1, 2015

## **§§ 5-6 — TAX SALES**

### ***Notice to Taxpayer***

The law requires a tax collector selling property through a tax sale to provide notice of the sale to the taxpayer. Under current law, the notice must include a statement indicating that additional taxes, interest, fees, and other charges accruing after the notice was sent have been added to the amount due in the notice. The bill instead requires the statement to indicate that such taxes, interest, fees, and charges are owed in addition to the amount due in the notice.

### ***Notice to Interested Parties***

Following a tax sale, the law requires tax collectors to publish a newspaper notice and mail notice to the owner, mortgagee, lienholder, and other interested parties affected by the sale. Among other things, the notice must state that if the property is not redeemed (i.e., bought by the owner or other interested parties), all parties notified will lose their respective titles, mortgages, liens, and other interests in it. The bill specifies that these interests include alienation restraints on the property (i.e., deed restrictions that seek to prevent the property's sale or transfer).

### ***Redemption***

By law, the delinquent taxpayer or another interested party can

redeem the property, generally within six months of the date of the tax sale, by paying certain taxes, interest, debts, and charges on the property. The bill extends the redemption period to cover the period from the tax sale notice's publication through the sale date.

### ***Redeemer's Claim Against the Delinquent Taxpayer***

By law, a redeeming party who paid delinquent taxes on the property can pursue a claim against the delinquent taxpayer. Currently, that claim has the same priority over other encumbrances as the tax paid, but not over any tax that was not yet due and payable when the collector first published notice of the levy. Under the bill, the redeemer's claim additionally does not take precedence or priority over any state or municipal tax liens. But the claim includes the same interest rate as that imposed on unpaid taxes.

The bill also requires the tax collector's deed to specify that the redeemer's claim is subject to any other liens in favor of the municipality.

### ***Interest Earned on Escrow Accounts***

By law, if a tax sale produces more than the back taxes, penalties, interest, fees, and costs due on the property, the excess proceeds must be placed in an interest-bearing escrow account. The bill requires municipalities to retain any interest that accrues on the excess proceeds. Current law requires them to do so only if the property is redeemed after the tax sale.

### ***Claims on Tax Sale Proceeds***

If a property is not redeemed, the tax collector must (1) transfer the amount in the escrow account to the Superior Court, after deducting an amount necessary to cover any delinquent taxes, interest, penalties, costs, and fees the former owner owes to the municipality and (2) notify all interested parties of their right to apply to the court for the money. The bill provides that the property's purchaser may not be a party to an action to claim the funds without the purchaser's consent, as is the case with municipalities under existing law.

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 21 Nay 0 (03/27/2015)

Judiciary Committee

Joint Favorable

Yea 39 Nay 0 (04/27/2015)